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1998 ISU Swine Business Record Program

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1998 ISU Swine Business Record Program

Abstract

Historically low market hog prices resulted in negative returns for nearly all producers in the 1998 ISU Swine Business Record State Summary. Average margin over all costs/cwt of pork produced was negative for all profit groups. Producers in the top 10% and top one-third profit groups achieve the best combination of efficient production levels and lower-than-average production costs. Producers in these profit groups had lower than average production costs/cwt in all feed and nonfeed categories in the 1998 State Summary. These advantages are due to improved management, genetics, and effective implementation of new technologies. Producers in the top 10% profit group had a small advantage in market price received compared with the average of all producers in the program, and a significant advantage over the bottom one-third profit group.

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1998 ISU Swine Business Record Program

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Summary and Implications

Historically low market hog prices resulted in negative returns for nearly all producers in the 1998 ISU Swine Business Record State Summary. Average margin over all costs/cwt of pork produced was negative for all profit groups. Producers in the top 10% and top one-third profit groups achieve the best combination of efficient production levels and lower-than-average production costs. Producers in these profit groups had lower than average production costs/cwt in all feed and nonfeed categories in the 1998 State Summary. These advantages are due to improved management, genetics, and effective implementation of new technologies. Producers in the top 10% profit group had a small advantage in market price received compared with the average of all producers in the program, and a significant advantage over the bottom one-third profit group.

Introduction

The ISU Swine Business Record Program State Summary separates producers into top 10%, top one-third, bottom one-third, and average profit groups, and provides benchmark values for pork production. Summaries are provided for farrow-to-finish, breed-to-wean, wean-to-feeder pig (nursery), breed-to-feeder pig, wean-to-finish, and feeder pig-to-finish phases of production. Analysis by phase of production allows producers to identify specific areas of their production system that offer the greatest opportunities for improvement. Data are used by producers to determine their competitive position and to set priorities for future production and financial decisions. Extension field livestock specialists help producers to interpret the results and to set goals for future years.

Materials and Methods

Forms for submission of data for the program are provided to producers at the beginning of the year. Extension field livestock specialists meet with producers in January or February to calculate results and summarize data from the previous year. A producer's individual data and benchmark values from the state summary are used by the field livestock specialist to identify strengths and weaknesses and to recommend areas that offer the greatest potential for improvement. Individual producer data are submitted to the state

Results and Discussion

Data for 85 farrow-to-finish operations included in the 1998 summary are presented in Table 1. Producers are sorted by margin over all costs into top 10%, top one-third, bottom one-third, and average profit groups. Average market price for the year received by all producers was \$33.43/cwt compared with \$52.91 in 1997 and \$54.66 in 1996. Lower corn and soybean meal prices throughout the year resulted in a significant reduction in all expense categories related to feed expense. Average feed cost/cwt of pork produced was \$22.42 compared with \$28.49 in 1997 and \$32.60 in 1996. Average total cost/cwt was \$37.46 compared with \$44.84 in 1997 and \$48.94 in 1996. Average cost of all diets fed was \$6.41/cwt in 1998, \$7.99/cwt in 1997, and \$9.34/cwt in 1996.

Producers in the top 10% profit group continue to record significantly lower production costs in nearly all areas. Feed cost/cwt of pork produced for this group was \$19.93, \$2.49/cwt lower than the average for all producers. Total cost/cwt was \$30.04 for the top 10% profit group, which is \$7.42 lower than the total production cost for all 85 producers in the data set. This difference is because producers in the top 10% profit group had lower costs in all nonfeed categories (Table 1, lines 9–15), in addition to an advantage in feed cost/cwt.

Average death loss is another area where producers in the top 10% profit group have a definite advantage over the average producer in the program. Producers in this group had a reduction in death loss in all phases of production with the greatest advantages in birth to weaning and breeding stock mortality.

The trend toward higher average market weights continued in 1998. Average weight for all market hogs sold in 1998 was 254 lb compared with 251 lb in 1997 and 248 lb in 1996. Average market weight in 1988 (10 years ago) was 239 lb.

Tables 2–6 list production data and cost of production for the individual phases of production, which include breed-to-wean, wean-to-feeder pig (nursery), breed-to-feeder pig, wean-to-finish, and feeder pig-to-finish. Itemized expenses by production phase and sale or transfer weights are required to participate in these summaries.

Table 1. 1998 ISU Swine Business Record Farrow-to-Finish State Summary (Total of 85 Farms).

Sorted by margin over all costs including inventory	Top 10%	Top 1/3	Bottom 1/3	Average
1 Return to Capital, Unpaid Labor and Management, \$	\$ 11,387	\$ (3,601)	\$ (60,912)	\$ (37,872)
2 Net Profit and Return to Management this Period, \$	\$ (11,276)	\$ (35,454)	\$ (97,469)	\$ (73,857)
3 Return per Hour for All Hours of Labor and Management, \$/h	\$ 1.53	\$ (3.01)	\$ (23.0)	\$ (21.44)
4 Percent Return on Capital, %	-4.50%	-13.30%	-40.8%	-27.7%
5 Average Price per Cwt of Market Hogs, \$	\$ 34.07	\$ 33.65	\$ 32.93	\$ 33.4
6 Average Price per Cwt of Cull Breeding Stock Sold, \$	\$ 19.80	\$ 22.12	\$ 20.57	\$ 21.7
7 Average Price per Cwt of All Mkt. Animals Sold Excluding Newly Weaned Pigs, \$	\$ 33.58	\$ 33.26	\$ 32.52	\$ 32.9
8 Feed Cost per Cwt of Pork Produced, \$	\$ 19.93	\$ 20.92	\$ 24.26	\$ 22.4
9 Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 4.15	\$ 4.68	\$ 5.99	\$ 5.5
10 Utilities, Fuel Elec. & Telephone/Cwt, \$	\$ 1.00	\$ 1.17	\$ 1.62	\$ 1.3
11 Veterinary Services & Medicine per Cwt, \$	\$ 1.06	\$ 1.23	\$ 1.50	\$ 1.3
12 Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced, \$	\$ 1.39	\$ 2.18	\$ 3.08	\$ 2.6
13 Capital Charge on Fixed Capital/Cwt of Pork Produced, \$	\$ 0.73	\$ 1.01	\$ 1.79	\$ 1.4
14 Capital Charge on Operating Capital/Cwt of Pork Produced, \$	\$ 0.94	\$ 0.92	\$ 1.16	\$ 1.0
15 Value of Labor (All) per Cwt of Pork Produced, \$	\$ 3.06	\$ 3.85	\$ 5.46	\$ 4.7
16 Total Cost per Cwt of Pork Produced, \$	\$ 30.04	\$ 33.21	\$ 41.66	\$ 37.4
17 Margin Over All Costs per Cwt of Pork Sold, not including inventory, \$	\$ 4.97	\$ 1.22	\$ (9.15)	\$ (4.06)
18 Margin Over All Costs per Cwt of Pork Produced, including inventory, \$	\$ (2.05)	\$ (4.84)	\$ (17.64)	\$ (11.05)
19 Margin Over All Costs per Head Sold, including inventory, \$	\$ (5.61)	\$ (12.58)	\$ (44.59)	\$ (28.13)
20 Fixed Costs per Year per Female Maintained, \$	\$ 77	\$ 126	\$ 173	\$ 15
21 Fixed Costs per Year per Crate Maintained, \$	\$ 346	\$ 668	\$ 953	\$ 80
22 Fixed Costs per Pig Weaned, \$	\$ 5.01	\$ 7.38	\$ 11.12	\$ 9.3
23 Net Profit per Year per Female Maintained, \$	\$ (87)	\$ (201)	\$ (600)	\$ (418)
24 Net Profit per Year per Crate Maintained, \$	\$ (352)	\$ (972)	\$ (3,096)	\$ (2,085)
25 Net Profit per Pig Marketed, \$	\$ (5.80)	\$ (13.04)	\$ (46.65)	\$ (29.27)
26 Total No. of Market Hogs Sold this Period	2,613	2,626	2,149	2,58
27 Average Wt of Market Hogs Sold, lb	258	256	251	25
28 Pig Death Loss, Birth to Weaning (% of No. Farrowed Live)	8.1%	11.1%	13.1%	12.4%
29 Pig Death Loss, Weaning to Feeder (% of No. Weaned)	2.0%	2.3%	2.8%	2.7%
30 Pig Death Loss, Feeder to Market (% of No. of Feeders Started)	5.6%	5.4%	6.3%	6.1%
31 Breeding Stock Death Loss (% of No. Maintained)	3.2%	4.7%	5.7%	5.3%
32 Average Breeding Female Inventory, No. of Head	151	177	166	18
33 No. of Litters Weaned per Female per Year	1.82	1.93	1.77	1.9
34 No. of Pigs Weaned per Litter	8.87	8.81	8.51	8.6
35 No. of Pigs Weaned per Female per Year	16.11	16.99	15.22	16.6
36 No. of Litters Weaned per Crate per Year	8.62	9.81	9.27	9.6
37 No. of Pigs Weaned per Crate per Year	75.51	86.93	79.54	84.3
38 Total Pounds of Feed per Cwt of Pork Produced, lb	347	341	363	35
39 Average Cost of Diets per Cwt, \$	\$ 5.77	\$ 6.17	\$ 6.70	\$ 6.4
40 Hours of Labor per Cwt of Pork Produced, h	0.38	0.44	0.58	0.5
41 Hours of Labor per Female Maintained per Year, h	16.85	18.47	20.47	20.2
42 Hours of Labor per Litter Weaned, h	9.38	9.59	11.64	10.5
43 Cost of Feed Additives & Drugs/Cwt of Pork Produced, \$	\$ 0.90	\$ 1.03	\$ 1.30	\$ 1.5

Table 2. ISU Swine Business Record Breed-to-Wean State Summary (Total of 62 Farms).

	Average
1 Average Price per Weaner Pig Sold, \$	\$ 25.81
2 Average Price per Cwt of Cull Breeding Stock Sold, \$	\$ 21.82
3 Feed Cost per Cwt of Pork Produced, \$	\$ 51.43
4 Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 31.92
5 Utilities, Fuel Elec. & Telephone/Cwt, \$	\$ 8.05
6 Veterinary Services & Medicine per Cwt, \$	\$ 8.09
7 Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced, \$	\$ 14.40
8 Capital Charge on Fixed Capital/Cwt of Pork Produced, \$	\$ 8.09
9 Capital Charge on Operating Capital/Cwt of Pork Produced, \$	\$ 2.87
10 Value of Labor (All) per Cwt of Pork Produced, \$	\$ 30.70
11 Total Cost per Cwt of Pork Produced, \$	\$ 133.94
12 Fixed Costs per Year per Female Maintained, \$	\$ 64.53
13 Fixed Costs per Year per Crate Maintained, \$	\$ 353.86
14 Fixed Costs per Pig Weaned, \$	\$ 3.61
15 Total No. of Newly Weaned Pigs Sold this Period (Average of 8 Farms)	6,664
16 Average Wt of Newly Weaned Pigs Sold this Period, lb	11.67
17 Pig Death Loss, Birth to Weaning (% of No. Farrowed Live)	12.3%
18 Breeding Stock Death Loss (% of No. Maintained)	5.3%
19 Average Breeding Female Inventory, No. of Head	269
20 No. of Litters Weaned per Female per Year	2.0
21 No. of Pigs Weaned per Litter	8.8
22 No. of Pigs Weaned per Female per Year	17.4
23 No. of Litters Weaned per Crate per Year	10.6
24 No. of Pigs Weaned per Crate per Year	93.8
25 Total Pounds of Feed per Cwt of Pork Produced, lb	782
26 Average Cost of Diets per Cwt, \$	\$ 6.55
27 Hours of Labor per Cwt of Pork Produced, h	3.48
28 Hours of Labor per Female Maintained per Year, h	10.07
29 Hours of Labor per Litter Weaned, h	5.1
30 Cost of Feed Additives & Drugs/Cwt of Pork Produced, \$	\$ 3.84

Table 3. ISU Swine Business Record Wean-to-Feeder Pig State Summary (Total of 49 Farms).

	Average
1 Average Price per Cwt of Feeder Pigs Sold, \$	\$ 67.34
2 Feed Cost per Cwt of Pork Produced, \$	\$ 23.15
3 Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 9.56
4 Utilities, Fuel Elec. & Telephone/Cwt, \$	\$ 3.62
5 Veterinary Services & Medicine per Cwt, \$	\$ 2.66
6 Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced, \$	\$ 5.17
7 Capital Charge on Fixed Capital/Cwt of Pork Produced, \$	\$ 2.41
8 Capital Charge on Operating Capital/Cwt of Pork Produced, \$	\$ 1.67
9 Value of Labor (All) per Cwt of Pork Produced, \$	\$ 5.50
10 Total Cost per Cwt of Pork Produced, \$	\$ 45.98
11 Total No. of Feeder Pigs Sold this Period	579
12 Average Wt of Feeder Pigs Sold, lb	54
13 Pig Death Loss, Weaning to Feeder (% of No. Weaned)	3.0%
14 Total Pounds of Feed per Cwt of Pork Produced, lb	173
15 Average Cost of Diets per Cwt, \$	\$ 14.38
16 Hours of Labor per Cwt of Pork Produced, h	0.66
17 Cost of Feed Additives & Drugs/Cwt of Pork Produced, \$	\$ 2.02

**Table 4. ISU Swine Business Record Breed-to-Feeder Pig State Summary
(Total of 42 Farms).****Average**

1 Average Price per Cwt of Feeder Pigs Sold, \$	\$ 70.08
2 Average Price per Cwt of Cull Breeding Stock Sold, \$	\$ 21.57
3 Feed Cost per Cwt of Pork Produced, \$	\$ 32.61
4 Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 15.54
5 Utilities, Fuel Elec. & Telephone/Cwt, \$	\$ 4.86
6 Veterinary Services & Medicine per Cwt, \$	\$ 4.18
7 Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced, \$	\$ 7.25
8 Capital Charge on Fixed Capital/Cwt of Pork Produced, \$	\$ 3.84
9 Capital Charge on Operating Capital/Cwt of Pork Produced, \$	\$ 1.73
10 Value of Labor(All) per Cwt of Pork Produced, \$	\$ 13.80
11 Total Cost per Cwt of Pork Produced, \$	\$ 72.45
12 Fixed Costs per Year per Female Maintained, \$	\$ 100.68
13 Fixed Costs per Year per Crate Maintained, \$	\$ 507.17
14 Fixed Costs per Pig Weaned, \$	\$ 5.79
15 Total No. of Feeder Pigs Sold this Period (Average of 16 Farms)	501
16 Average Wt of Feeder Pigs Sold, lb	52
17 Pig Death Loss, Birth to Weaning (% of No. Farrowed Live)	12.4%
18 Pig Death Loss, Weaning to Feeder (% of No. Weaned)	3.0%
19 Breeding Stock Death Loss (% of No. Maintained)	5.8%
20 Average Breeding Female Inventory, No. of Head	182
21 No. of Litters Weaned per Female per Year	1.94
22 No. of Pigs Weaned per Litter	8.74
23 No. of Pigs Weaned per Female per Year	16.95
24 No. of Litters Weaned per Crate per Year	9.62
25 No. of Pigs Weaned per Crate per Year	83.99
26 Total Pounds of Feed per Cwt of Pork Produced, lb	379
27 Average Cost of Diets per Cwt, \$	\$ 8.54
28 Hours of Labor per Cwt of Pork Produced, h	1.63
29 Hours of Labor per Female Maintained per Year, h	13.89
30 Hours of Labor per Litter Weaned, h	7.23
31 Cost of Feed Additives & Drugs/Cwt of Pork Produced, \$	\$ 2.03

Table 5. ISU Swine Business Record Wean-to-Finish Pig State Summary (Total of 60 Farms).

	Average
1 Average Price per Cwt of Market Hogs, \$	\$ 33.29
2 Feed Cost per Cwt of Pork Produced, \$	\$ 20.30
3 Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 3.90
4 Utilities, Fuel Elec. & Telephone/Cwt, \$	\$ 0.94
5 Veterinary Services & Medicine per Cwt, \$	\$ 0.76
6 Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced, \$	\$ 1.89
7 Capital Charge on Fixed Capital/Cwt of Pork Produced, \$	\$ 1.07
8 Capital Charge on Operating Capital/Cwt of Pork Produced, \$	\$ 1.20
9 Value of Labor (All) per Cwt of Pork Produced, \$	\$ 3.55
10 Total Cost per Cwt of Pork Produced, \$	\$ 31.16
11 Total No. of Market Hogs Sold this Period	2,783
12 Average Wt of Market Hogs Sold, lb	254
13 Pig Death Loss, Weaning to Feeder (% of No. Weaned)	3.2%
14 Pig Death Loss, Feeder to Market (% of No. of Feeders Started)	4.0%
15 Total Pounds of Feed per Cwt of Pork Produced, lb	316
16 Average Cost of Diets per Cwt, \$	\$ 6.43
17 Hours of Labor per Cwt of Pork Produced, h	0.27
18 Cost of Feed Additives & Drugs/Cwt of Pork Produced, \$	\$ 1.74

**Table 6. ISU Swine Business Record Feeder Pig-to-Finish State Summary
(Total of 54 Farms).****Average**

1 Average Price per Cwt of Market Hogs, \$	\$ 33.37
2 Feed Cost per Cwt of Pork Produced, \$	\$ 19.98
3 Other Oper. Cost (except Hired Labor)/Cwt Pork Produced, \$	\$ 2.80
4 Utilities, Fuel Elec. & Telephone/Cwt, \$	\$ 0.53
5 Veterinary Services & Medicine per Cwt, \$	\$ 0.44
6 Depreciation, Taxes & Ins. Costs per Cwt of Pork Produced, \$	\$ 1.45
7 Capital Charge on Fixed Capital/Cwt of Pork Produced, \$	\$ 0.93
8 Capital Charge on Operating Capital/Cwt of Pork Produced, \$	\$ 0.89
9 Value of Labor (All) per Cwt of Pork Produced, \$	\$ 2.11
10 Total Cost per Cwt of Pork Produced, \$	\$ 27.58
11 Total No. of Market Hogs Sold this Period	2,363
12 Average Wt of Market Hogs Sold, lb	254
13 Pig Death Loss, Feeder to Market (% of No. of Feeders Started)	4.1%
14 Total Pounds of Feed per Cwt of Pork Produced, lb	342
15 Average Cost of Diets per Cwt, \$	\$ 5.87
16 Hours of Labor per Cwt of Pork Produced, h	0.24
17 Cost of Feed Additives & Drugs/Cwt of Pork Produced, \$	\$ 1.33